

InfoSLINs and Payment Instructions

What they are.

When and how they are used.

Why they exist

In the early 1990s several programs had issues where there were mixed funds on contracts and there was the appearance that one appropriation was paying for work funded by a different appropriation, risking an Anti-Deficiency Act violation



C-17

Development & Production



Titan IV

Multiple Fiscal Years

To solve that problem...

Changes were made to the regulations requiring the contracting officer to provide payment instructions:

- When there is contract financing

- On cost reimbursable contracts

- When a line item is funded by more than one ACRN.

AND requiring the use of infoSLINs to show funding for a multi-funded line item.

InfoSLINs & Payment Instructions

InfoSLINs

Are a visual cue to alert the ACO or payment official that a line item has more than one source of funding.



Reading

Payment Instructions

Are instructions to the payment office on how to allocate a payment to the different funding providers.



Math

InfoSLINs

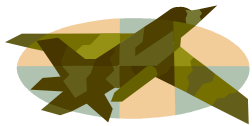
InfoSLINs to show funding will be used when:

- The line item has multiple funding provided and

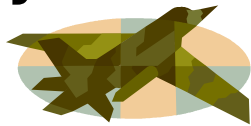
- The ~~Severable~~ delivery is non-severable **Non-Severable**



FY10



FY11



FY12

Three airplanes each
funded from a different
single Fiscal Year



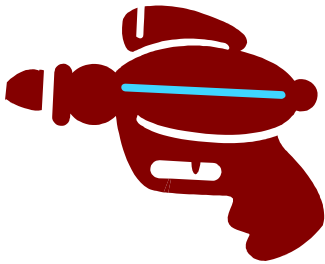
FY10

FY11

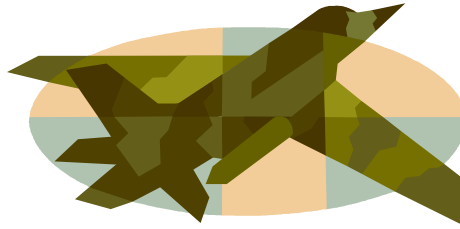
FY12

One airplane funded
from three different
fiscal years

Examples of Multi-funded



Multiple organizations fund an R&D project



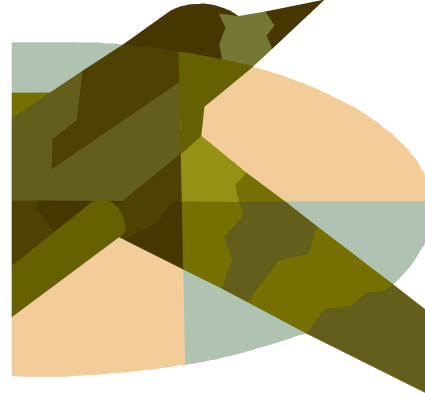
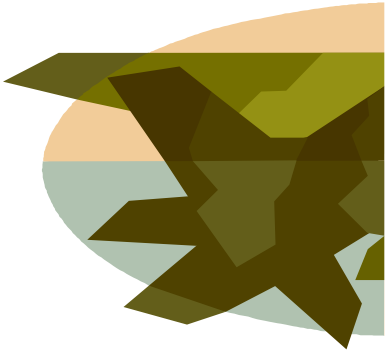
Production of an item is funded from many fiscal years



Multiple tenants pay for lawn service for a building

Adding more of the same money to line item does not make it multi-funded!

Severable or Non-Severable?



Can the work be broken into multiple deliverables to match the funding?

Non-Severable: Multiple fiscal years funding a deliverable
Different organization's money funding a deliverable.

Severable: Different fiscal years funding separate deliveries of the same item.
Different organization buying their own quantity of an item.

Constructing InfoSLINs for Funding

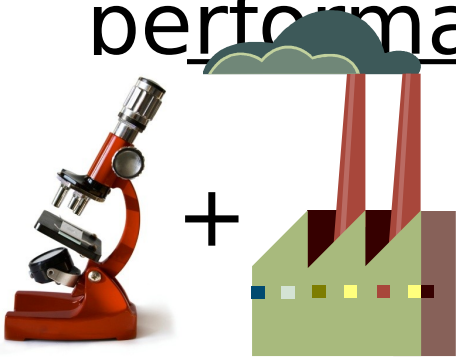
PGI 204.7104-2(e)(7)

ITEM NO.	SUPPLIES/ SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	Air Vehicle	1	EA	\$6,700,000	\$6,700,000
	000101 ACRN:AA \$3,300,000			Quantity, Price and Delivery are established at the CLIN level	
	000102 ACRN:AB \$2,000,000				
	000103 ACRN:AC \$1,400,000				

DFARS 204.7104-1(a)(1):“These subline items shall not be scheduled separately for delivery, identified separately for shipment or performance, or priced separately for payment purposes.”

Payment Instructions

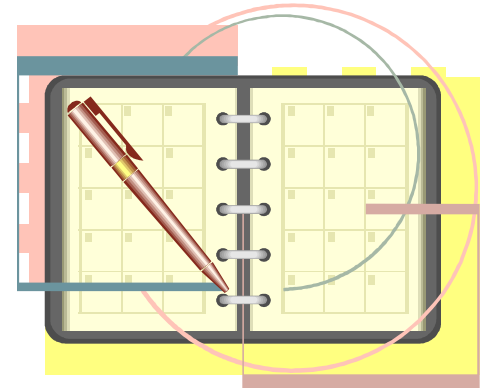
Provide a methodology for the payment office to assign payments to the appropriate accounting classification citation(s), based on anticipated contract work performance.



Different types of work



Sharing of work



Schedule of work

Payment Instructions

Shall be selected from those provided in paragraph (d) of this section;

252.204-0001 <u>Line Item Specific</u>: Single Funding. (SEP 2009)	
252.204-0002 <u>Line Item Specific</u>: Sequential ACRN Order. (SEP 2009)	252.204-0007 <u>Contract-wide</u>: Sequential ACRN Order. (SEP 2009)
252.204-0003 <u>Line Item Specific</u>: Contracting Officer Specified ACRN Order. (SEP 2009)	252.204-0008 <u>Contract-wide</u>: Contracting Officer Specified ACRN Order. (SEP 2009)
252.204-0004 <u>Line Item Specific</u>: by Fiscal Year. (SEP 2009)	252.204-0009 <u>Contract-wide</u>: by Fiscal Year. (SEP 2009)
252.204-0005 <u>Line Item Specific</u>: by Cancellation Date. (SEP 2009)	252.204-0010 <u>Contract-wide</u>: by Cancellation Date. (SEP 2009)
252.204-0006 <u>Line Item Specific</u>: Proration. (SEP 2009)	252.204-0011 <u>Contract-wide</u>: Proration. (SEP 2009)

Things to consider when picking payment instructions

Types of payment anticipated

- Delivery
- Cost Reimbursable
- Financing

Why is there different funding?

- Different Fiscal Years
- Different activities (R&D, Production, maintenance)
- Different Funding Organizations

How and when the work will be done

Will there be changes to the contract

than one payment instruction may meet your



How This Works

The contractor performs the work and invoices in accordance with the payment terms of the contract.

If the payment includes multiple funding (a CLIN with infoSLINs, a Progress Payment, a Cost Voucher) DFAS applies the payment instruction in the contract to distribute the payment to appropriate ACRNs.



Example #1

The Army occupies 2 floors of this building.
The Navy occupies the remaining floor.



The contract for grounds keeping is Firm-Fixed

ITEM NO.	SUPPLIES/SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	Lawn Service	12	MO	\$3,000.00	\$36,000.00

000101 ACRN:AA
Army Funding
\$24,000

000102 ACRN:AB

Example #1



The vendor provides the service and submits a service invoice (WAWF 2-n-1) for 1 month of service at \$3,000 which is accepted.

The Payment instruction is 252.204-0006
Line Item Specific: Proration as the work benefits all funding organizations equally.

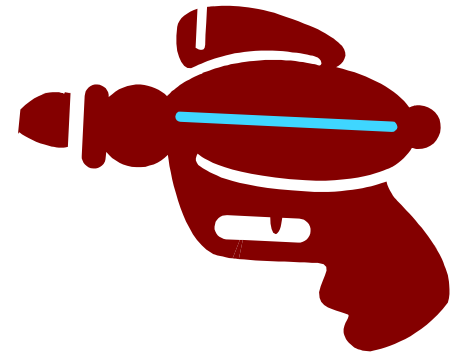
DFAS pays the vendor \$3,000 and following the payment instruction uses \$2,000 from ACRN: AA and \$1000 from ACRN: AB.

Example #2

The Air Force has an cost type R&D contract to develop a “Laser Death Ray” funded with:

ACRN: AA FY12 \$3,000,000

ACRN: AB FY13 \$8,000,000



The payment instruction is 252.204-0009 Contract-wide: by Fiscal Year which will result in the oldest funds being the first expended.

Example #2

The contractor submits their first cost voucher through WAWF for \$200,000.

Following the Payment instruction DFAS will pay from ACRN AA until all its funding is used and then move to ACRN AB.



Example #3



The next generation tactical urban assault vehicle has an accelerated development/test/production schedule due to a compelling warfighter need.

Line item 0001 is for development and test of 3 prototypes for \$1 million each using ACRN AA, FY12 R&D funding.

Line item 0002 is for the production of 10 vehicles for a price of \$500,000 each using ACRN AB, FY12 Production funds.

The contract is Fixed-Price Incentive with Progress Payments.

Example #3

The payment instruction is 252.204-0007 Contract-wide: Sequential ACRN Order reflecting that development and test will precede production.



The contractor submits their first progress payment request for \$2 million.

DFAS will pay all of the first progress payment from ACRN AA.



Example #3 (part2)

Congress directs an upgrade
to the first production lot
providing FY13 funding
Line item 0002 is modified
to add ACRN AC.

Can and should the pay
instructions be changed



Example #3 (part2)

PGI 204.7108 “Payment instructions...
Shall be revised to address the impact
of changes to contract funding or
significant disparities between
existing instructions and actual
contract performance;”

The payment instructions can be
changed



But how do infoSLINs Fit Into...

- Delivery
- Payment
- Disbursement

They Don't!



Remember... DFARS 204.7104-1(a) (1): “These subline items shall not be scheduled separately for delivery, identified separately for shipment or performance, or priced separately for payment purposes ”

In Conclusion...

InfoSLINs and Payment Instructions serve different but related purposes.

Misuse may result in delayed deliveries, delayed payments, over payments and Anti-Deficiency Act issues.

Understanding their use along with how work will be performed on the contract are the key steps to success.

